

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 FTC-01 AID-05 CIAE-00 COME-00 EB-07

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1655

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TAGS: EINV EFIN EG

SUBJECT: CHASE MANHATTAN SIGN JOINT VENTURE
PROTOCOL

1. DURING VISIT OF BOARD CHAIRMAN DAVID ROCKEFELLER, CHASE MANHATTAN BANK (49PERCENT) AND NATIONAL BANK OF EGYPT (51PERCENT) SIGNED PROTOCOL OF AGREEMENT ESTABLISHING CHASE NATIONAL BANK OF EGYPT, WITH A CAPITAL OF LE 10 MILLION (\$23 MILLION AT OFFICIAL RATE OF EXCHANGE). SIGNATURE BY ROCKEFELLER AND NBE CHAIRMAN SAYEH TOOK PLACE IN PRESENCE OF PRIME MINISTER HEGAZI AT ASWAN, WHERE ROCKEFELLER HAD MEETING WITH PRESIDENT SADAT AS WELL.
2. SENIOR CHASE OFFICIAL FROM NEW YORK, WHO DIRECTED FINAL WORK ON PROTOCOL, SAID NEW BANK MIGHT BE IN OPERATION AS EARLY AS ONE MONTH OR POSSIBLY NOT BEFORE TWO TO THREE MONTHS, BECAUSE THERE ARE STILL A FEW DETAILS TO WORK OUT ON AGREEMENT ITSELF, AND BOTH THE PRESIDENTIAL DECREE AND CENTRAL BANK CERTIFICATION ARE YET TO BE OBTAINED. CHASE IS NEVERTHELESS OPTIMISTIC THAT THINGS WILL FINALLY GET GOING. ONE TEAM OF LAWYERS IS PRESENT TO WORK OUT FINAL AGREEMENT, ANOTHER IS COMPLETING TRAINING OF NEWLY HIRED EMPLOYEES AND NEW PREMISES ARE READY.

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3. COMMENT: WHILE PRESENCE OF ROCKEFELLER HAD CATALYTIC EFFECT AT HIGHEST LEVELS OF GOE, ONE RESULT OF WHICH WAS SIGNING OF PROTOCOL BEFORE EVERYTHING WAS SETTLED, THERE ARE STILL SOME SIGNS GOE IS NOT YET READY TO PERMIT FULL-SCALE ENTRY INTO LOCAL BANKING THAT IS ONE OF GOALS OF CHASE NATIONAL. AS PREVIOUSLY REPORTED, DELAYS AND ADMINISTRATIVE OBSTACLES PLACED IN PATH OF CHASE REPS APPEAR AT LEAST IN PART TO BE REFLECTION OF CONCERN BY SADAT ADMINISTRATION THAT TOO SIGNIFICANT A PROPORTION OF EGYPTIAN BODY POLITIC, REPRESENT-

ING EGYPTIAN NATIONALIST ELEMENTS FROM CENTRAL BANK DOWN THRU STUDENTS AND WORKERS, IS OPPOSED TO RETURN TO FOREIGN BANKS, WHICH WERE SYMBOL OF FOREIGN DOMINATION BEFORE REVOLUTION. WITH ALL OTHER PROBLEMS NOW FACING GOE, PRUDENCE MAY DICTATE A CONTINUATION OF GO-SLOW APPROACH WHICH HAS UP TO NOW CHARACTERIZED SAGA OF CHASE AND OTHER BANKS ATTEMPTING TO SET UP SHOP. EMBASSY BELIEVES THAT MORE THAN THE MINIMUM TIME ESTIMATE CITED BY CHASE REPS WILL BE REQUIRED BEFORE CHASE NATIONAL IS IN BUSINESS.

4. ROCKEFELLER MENTIONED THAT HE CAME UNDER CONSIDERABLE PRESSURE DURING HIS VISIT TO ISRAEL TO ESTABLISH HIS BANK THERE AND TO ENGAGE IN NUMBER OF MAJOR FINANCING ACTIVITIES. HE SAID HE REFUSED, WHICH CONFIRMS POSITION REPORTED REFTEL, REFERRING TO SIMILAR PRESSURE IN NEW YORK.

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